

**MINUTES OF THE
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 445 State Capitol Building

February 4, 2015

Members Present: Sen. Howard A. Stephenson, Senate Co-Chair
Rep. Steve Eliason, House Co-Chair
Rep. Michael S. Kennedy, House Vice Chair
Sen. J. Stuart Adams
Sen. Lyle W. Hillyard
Sen. Jani Iwamoto
Sen. Aaron Osmond
Sen. Daniel W. Thatcher
Sen. Stephen H. Urquhart
Rep. Joel K. Briscoe
Rep. LaVar Christensen
Rep. Bruce Cutler
Rep. Rebecca P. Edwards
Rep. Justin L. Fawson
Rep. Francis D. Gibson
Rep. Bradley G. Last
Rep. David E. Lifferth
Rep. Marie H. Poulson
Rep. Kraig Powell
Rep. Norm Thurston

Staff Present: Mr. Ben Leishman, Fiscal Analyst
Ms. Angela Oh, Senior Statistician
Ms. Brooke Parrish, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order/Approval of Minutes

Co-Chair Stephenson called the meeting to order at 8:18 a.m.

Co-Chair Stephenson welcomed Mr. Mark Openshaw, Utah State Board of Education (USBE); Ms. Laura Belnap, USBE; and Ms. Tami Pyfer, Education Advisor, Utah State Governor's Office.

MOTION: Sen. Iwamoto moved to approve the minutes of the January 27, 2015 meeting. The motion passed unanimously with Sen. Adams, Sen. Hillyard, Sen. Urquhart, Rep. Briscoe, Rep. Edwards, Rep. Fawson and Rep. Gibson absent for the vote.

2. Final Base Budget Actions & Recommendations

a. Base Budget Motions

Mr. Ben Leishman, Fiscal Analyst, referred the committee to [Public Education Appropriations Subcommittee](#) motions.

MOTION: Vice Chair Kennedy moved to approve Motion 1 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Hillyard, Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

MOTION: Vice Chair Kennedy moved to approve Motion 2 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Hillyard, Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

MOTION: Vice Chair Kennedy moved to approve Motion 3 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Hillyard, Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

MOTION: Vice Chair Kennedy moved to approve Motion 4 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Hillyard, Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

MOTION: Vice Chair Kennedy moved to approve Motion 5 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Hillyard, Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

MOTION: Vice Chair Kennedy moved to approve Motion 6 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Hillyard, Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

MOTION: Vice Chair Kennedy moved to approve Motion 7 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Urquhart, Rep. Edwards and Rep. Gibson absent for the vote.

b. Budget Effectiveness Review—Chair Recommendations

Co-Chair Stephenson and Co-Chair Eliason referred members to the [Chair Recommendations](#). They explained their recommendations for each program.

Rep. Thurston noted that programs shouldn’t be privileged based solely on their success in the past.

Sen. Iwamoto asked if cuts to higher education would affect the public education budget. Mr. Leishman replied that he didn’t know. Sen. Hillyard explained that because the public education budget is so large, cuts in other areas don’t have much of an effect on the budget.

Co-Chair Stephenson thanked the committee for their dedication to the reduction exercise. He

asked Sen. Hillyard if funds that were cut during the exercise could be repurposed for something else if they were reinstated. Sen. Hillyard said they could.

Co-Chair Eliason noted that although some of the items cut in the recommendations would be reinstated, they still need to be monitored. He also noted that as money is reinstated in the budget it will be used to fund flexible line items, not to artificially increase the overall WPU. Co-Chair Stephenson added that increasing the WPU will only be done if doing so would be more equitable than making it a flexible allocation.

Rep. Briscoe stated that although the budget effectiveness review is helpful it is not long enough to be exhaustive. Co-Chair Stephenson asked Rep. Briscoe if he believed the USBE zero-base budget would be helpful. Rep. Briscoe said that it would.

Rep. Christensen discussed teacher pay. Co-Chair Stephenson said that the issue would be addressed in future meetings.

Rep. Gibson stated that it will be important to listen to the recommendations of the USBE after their zero-base budget exercise; Co-Chair Stephenson agreed.

MOTION: Vice Chair Kennedy moved to accept the Chair Recommendations from the sheet entitled "[Public Education Budget Effectiveness Review - Recommendations.](#)"

Rep. Poulson expressed concern over line D, "Charter School Local Replacement." Sen. Iwamoto and Rep. Cutler echoed the concern.

Rep. Briscoe asked why line F, "Concurrent Enrollment" (CE) was on the list. Co-Chair Stephenson replied that it was on the USBE list. Co-Chair Eliason expressed his support for the CE program along with the need to improve the program. Co-Chair Stephenson added that it may be wise to change CE to dual enrollment. Mr. Openshaw explained that CE cuts were made according to priority.

Rep. Briscoe stated that funds in line T were being used to help reduce class size. As such, they are important to keep.

Rep. Powell expressed support for the CE program. He expressed concern over line D.

Co-Chair Eliason referred members to the [Public Education Charter School Local Replacement – Formula Change](#). Column K reflects the formula change proposed in line D.

Sen. Iwamoto asked for clarification on line N. Mr. Leishman replied that this program is to transport children to and from school. Co-Chair Stephenson added that this item was included on the list so that the transportation formulas could be reexamined later on.

Rep. Edwards asked for clarification on the calculation total for line D. Co-Chair Eliason

referred her to the asterisk.

The motion passed with Sen. Iwamoto, Rep. Briscoe, Rep. Poulson and Rep. Powell voting in opposition and Sen. Urquhart absent for the vote.

Rep. Poulson asked if the recommended cuts would be reflected in the Base Budget Bill. Co-Chair Stephenson replied that they would be reflected in the substitute Base Budget Bill.

MOTION: Vice Chair Kennedy moved to approve Motion 8 from the sheet entitled “[Base Budget Motions](#).” The motion passed unanimously with Sen. Urquhart and Rep. Gibson absent for the vote.

c. Intent Statements

Mr. Leishman explained that the Chairs were interested in drafting intent language related to bond savings, licensing SAGE questions and developing standards necessary to receive Class Size Reduction funds.

Mr. Leishman discussed funds from [Bond Savings](#).

Rep. Christensen asked for additional history on bond savings. Mr. Leishman said there were two bonds. The first bond was used to construct the USBE building, the second bond was used to purchase property around the building. Only the first bond is paid off.

Sen. Hillyard and Mr. Leishman discussed the other funds on the [Bond Savings](#) brief. Ms. Johnson, Second Vice Chair, USBE, also commented on the brief.

Rep. Briscoe asked if the revenue from leasing the SAGE questions was ongoing. Mr. Leishman said that it was a one-time fund.

Rep. Powell commented on the deplorable state of the USBE building.

MOTION: Co-Chair Eliason moved to recommend staff work with the chairs and legal counsel to draft language to be included in an appropriations act to implement the following:

- a. Language directing the USBE on how to use budget savings associated with the bond for the office expiring.
- b. Language directing the USBE to create and implement a plan to use the revenue and savings associated with licensing the SAGE assessment questions.
- c. Language directing the USBE to develop minimum program standards LEAs must meet in order to continue to receive Class Size Reduction Funds. Standards may include maximum class sizes in grades K-3, expenditure restrictions, and sanctions for noncompliance.

The motion passed unanimously with Sen. Adams, Sen. Thatcher and Rep. Gibson absent for the vote.

3. Budget Requests: Minimum School Program

Mr. Leishman explained [Enrollment Growth and WPU value increases](#).

Rep. Christensen and Rep. Fawson asked about educator salary adjustments. Mr. Leishman referred them to [Figure 5](#).

Mr. Leishman explained funding for charter schools WPUs. There are two methods: Average Daily Membership (ADM) plus growth or October 1 enrollment count.

Co-Chair Stephenson stated that he would like to extend the sunset allowing differential charter school funding. Sen. Osmond asked if there was any pending legislation on this issue. Co-Chair Stephenson replied that there was not.

Ms. Johnson talked about ADM accounting. She referred members to a USBE audit examining the issue. Mr. Crandall added that a task force on pupil accounting had been created to further examine the issue. Mr. Smith noted that old methods of pupil accounting were no longer effective and that extending the sunset for Charter School funding would be helpful.

Sen. Osmond asked if there was a transparency issue regarding charter school funding. Mr. Crandall responded that nothing specific had been brought to the attention of the USBE. Ms. Johnson stated that transparency is always an issue when levying money. Mr. Smith noted that while it is easy to provide information about funding sources, it is much harder to provide real transparency.

Co-Chair Stephenson stated that due to time constraints, WPU increases would be discussed later.

4. Budget Requests: Governor's Budget Recommendations

Mr. Phil Dean, Budget Director, Governor's Office of Management and Budget, distributed the handout "[Governor's Education Recommendations](#)" to the committee. He explained the recommendations (page 34).

Rep. Kennedy asked what numbers the Governor was working off of when creating this budget. Mr. Dean replied that he had used the consensus revenue estimates in addition to moving money earmarked for transportation back into the General Fund.

Rep. Thurston expressed his concern for earmarks. Mr. Dean explained that they are necessary when allocating funds that cannot be considered ongoing.

5. Requests for Appropriation & Bills with Fiscal Impact

MOTION: Co-Chair Eliason moved to fully fund enrollment growth in the amount of \$54.5 million in the final budget bill. The motion passed with Rep. Thurston voting in opposition and Sen. Adams, Sen. Hillyard, Sen. Urquhart, Rep. Fawson, Rep. Gibson and Rep. Lifferth absent for the vote.

MOTION: Sen. Osmond moved to adjourn. The motion passed unanimously.

Co-Chair Stephenson adjourned the meeting at 10:55 a.m.

Sen. Howard A. Stephenson, Co-Chair

Rep. Steve Eliason, Co-Chair